



Douglas County Internal Audit

July 17, 2015

Douglas County Board of Commissioners
1819 Farnam Street, Suite LC2
Omaha, NE 68183

Attention: Mary Ann Borgeson, Mike Boyle, Jim Cavanaugh, Clare Duda, Marc Kraft,
PJ Morgan and Chris Rodgers

Thomas F. Cavanaugh, Douglas County Clerk/Comptroller
1819 Harney St., Room H08
Omaha, NE 68183

Dear Commissioners and Mr. Cavanaugh:

I have completed an audit of Douglas County payroll processing. The purpose of the audit was to assess the adequacy and effectiveness of the control processes used to prepare payroll each pay period. The audit revealed that, overall, controls were adequately designed and worked effectively. Details related to the testing appear below.

Background

As part of the fiscal year-end audit plan, Douglas County Internal Audit performs internal control testing for the Douglas County external audit firm, Hayes and Associates, LLC. The external auditor uses the test data provided by Internal Audit to formulate a professional opinion about the County's year-end financial statements. Below are the details related to tests of the controls for processing the County's payroll.

Objectives

The objectives of the audit were to determine that:

- Employees are paid based upon rates that are properly authorized by appropriate County officials.
- Employees are paid based upon time that is accurately recorded and properly authorized and approved.
- Gross compensation, tax withholdings, deductions and net pay are recorded completely and accurately.

Scope and Methodology

The audit included a review of forty randomly chosen employees' pay from five judgmentally chosen pay periods from July 1, 2014 through June 8, 2015. The sample was chosen from Oracle payroll data and included tests to verify that:

- Pay rates were approved by Board resolution or included in the appropriate union contracts.
- The time recorded in the payroll period for each employee was properly authorized and approved.
- Gross pay, tax withholdings, deductions and net pay were properly calculated.
- All deductions were properly authorized by the employees and included in the Deduction Report.

Findings

There were no reportable issues identified.

Audit Standards

Internal Audit conducted this audit in accordance with Generally Accepted Government Auditing Standards and the International Standards for the Professional Practice of Internal Auditing. Those standards require that the audit is planned and performed to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. Internal Audit believes that the evidence obtained provides a reasonable basis for its findings and conclusions based on the audit objectives.

Internal Audit has reviewed this information with the Chief Deputy Douglas County Clerk. Internal Audit appreciates the excellent cooperation and work provided by the Clerk/Comptroller's office and various other departmental managers and their staff. If you have any questions or wish to discuss the information presented in this report, please feel free to contact me at (402) 444-3576.

Sincerely,

Phil McHenry
Staff Auditor

cc: Paul Tomoser
Jude Lui

Richard File
Mark Rhine
Mike Dwornicki
Patrick Bloomingdale
Joe Lorenz
Diane Carlson
Kathleen Hall
Jerry Prazan
Sheri Larsen
Frank Hayes
Tumi Oluyole